REMARKS

This Response is submitted in reply to the Non-Final Office Action dated September 16, 2010. Claims 11, 27, and 28 stand canceled. Claims 5 to 10, 12 to 14, 17 to 20, 24 to 26, 29 and 30 have been amended for clarity. No new matter is added by these amendments. A Petition for a Two Month Extension of Time is submitted herewith. Please charge deposit account number 02-1818 to cover the Petition for a Two Month Extension of Time and any other fees due in connection with this Response.

The Office Action rejected:

(1) Claims 1, 2, 4, 6, 9, 10, and 29 under 35 U.S.C. § 103(a) as being unpatentable over Admon, U.S. Patent App. Pub. No 2006/0287924 ("*Admon*"), in view of Mendiola, et al., U.S. Patent App. Pub. No. 2004/0058694 ("*Mendiola*");

(2) Claims 12, 13, 16, 18 22, 25, 26, and 30 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and further in view of M2 Presswire "Link77: Link77 introduces reverse charge SMS billing service for ringtones and logos" ("*Link77*");

(3) Claim 3 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and further in view of Official Notice;

(4) Claims 5, 7, and 8 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and Herzog, et al., U.S. Patent App. Pub. No. 2004/0059663 ("*Herzog*");

(5) Claim 15 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and *Link77* and further in view of Official Notice;

(6) Claims 23 and 24 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and *Link77* and further in view of Official Notice;

(7) Claim 14 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and *Link77* and further in view of Abeshouse, et al., EP App. No. EP1220126A2 ("*Abeshouse*"); and

(8) Claim 17 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in

view of *Mendiola* and *Link77* and further in view of Hong Kong's Tender, published June 2000 ("*Hong Kong's Tender*").

Applicant respectfully disagrees with these rejections for at least the following reasons. Additionally, certain of the claims have been amended for clarity.

1. The rejection of Claims 1, 2, 4, 6, 9, 10, and 29 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola*.

Admon generally discloses a method of conducting an auction comprising "publicizing an auction to sell at least one item, accepting a preset number of price bids for the items, applying at least one cancellation rule to selectively cancel zero or more bids, [and] selecting one or more bids closest to a preselected low sum to receive the item." *Admon*, Abstract. Paragraph [0022] of *Admon* discloses one embodiment in which the bidders submit a method of payment with their bids "to ensure receipt of payment of a participation fee before determining the bid winners." Paragraphs [0058] and [0059] of *Admon* indicate various ways the participation fee may be used. For example, the participation fee may be given to the seller as profit.

Page 4 of the Office Action acknowledges that *Admon* "does not disclose for each acceptable bid, sending a bid acceptance messages message [sic] to each of said bidders notifying the bidder of the status of the bidder's bid by SMS." Applicant agrees that *Admon* does not disclose these elements. The Office Action relies on *Mendiola* to remedy these deficiencies of *Admon*.

Mendiola, in pertinent part, generally discloses "a trade and auction service." *Mendiola*, ¶ [0136]. Prior to placing a bid on an item being auctioned, a user of *Mendiola*'s service must first register for the service via an internet web page. *Mendiola*, ¶¶ [0141]–[0156]. Once registered, the user may place an initial bid on a product through a web page on the internet. *Mendiola*, ¶ [0177]. Paragraph [0179] discloses that "[o]nce the user has registered their first bid for a product, notification concerning the user's bid and further bids can be sent to and received from the user's

GSM mobile phone without the need for the user to have access to his computer."

Paragraph [00180] of *Mendiola* discloses that when the user's initial bid has been beaten by another bidder, *Mendiola*'s service sends an SMS message to the user's mobile phone indicating that fact. The user may then reply to the SMS message with an SMS message indicating a second bid. Paragraph [00188] discloses that in response to the second bid, *Mendiola*'s service sends an SMS message to the user indicating whether the second bid was accepted (i.e., whether the second bid is now the highest bid) or was not accepted (i.e., whether a higher bid than the second bid has already been received from another user). In other words, *Mendiola*'s service may send a message to the user for each subsequent bid placed via SMS message, but not for the initial bid placed via the web page. At the end of the auction, the highest bidder wins the right to purchase the product for the highest bid amount. *Mendiola* does not disclose charging users any fees for placing bids.

Independent Claim 1 is generally directed to an auctioning system for facilitating bidder participation in an auction for the purchase of a lot, comprising: at least a first data processing device and a memory in communication with the data processing device, the memory storing instructions executable by the data processing device to: receive a plurality of messages from a plurality of bidders for the lot, each message including a bid for the lot; determine whether each of the plurality of messages comprises an acceptable bid; for each acceptable bid, send a bid acceptance message by SMS to each of the bidders notifying the bidder of the status of the bidder's bid; charge each bidder for sending the bid acceptance message; and determine a bidder associated with a lowest unique bid for the lot, wherein, at a close of the auction, the lowest unique bid is a winning bid in the auction for the purchase of the lot, wherein at least one acceptable bid is not a winning bid.

Page 4 of the Office Action asserts that *Admon* discloses: "charg[ing] each bidder for sending the bid acceptance message." Specifically, it appears that the Office Action alleges that paragraph [0022] of *Admon*, which discloses that *Admon*'s method includes receiving "a method of payment to ensure receipt of payment of a participation fee," anticipates the following element of independent Claim 1: at least a first data processing

device and a memory in communication with the data processing device, the memory storing instructions executable by the data processing device to: charge each bidder." Further, the Office Action appears to ignore the following emphasized element of independent Claim 1: charge each bidder for sending the bid acceptance message. The Office Action's rationale for ignoring this claim element is that it recites an intended use. Applicant respectfully disagrees for at least the following reasons.

Applicant respectfully submits that *Admon* does not disclose the memory of independent Claim 1 that stores the instructions executable to perform the distinctive function of charging a bidder for sending the bid acceptance message. The law is clear that the distinctive functionality of software (in this case, the memory device storing the instructions) is to be given patentable weight, and that this distinctive functionality provides structural differentiation over other software. In other words, the distinctive functions that software is programmed to perform are considered structural elements of an apparatus claim.

The distinctive functions that software is programmed to perform are to be given patentable weight. In *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 127 S.Ct. 1746 (2007), the United States Supreme Court addressed the distinction between hardware standing alone and hardware combined with software. The Court explained that once a piece of computer hardware is loaded with specialized software, the computer hardware is transformed to include the software's distinctive functionality. Specifically, the Court indicated that "[n]either Windows software (e.g., in a box on the shelf) nor a computer standing alone (i.e., without Windows installed) infringes AT&T's patent. Infringement occurs only when Windows is installed on a computer, thereby rendering it capable of performing as the patented speech processor." *Microsoft Corp.*, 127 S.Ct. at 1750. In other words, the software's distinctive functionality gave patentable weight to the combined computer hardware and software and, therefore, the software's distinctive functionality had to be present for infringement to be found.

The distinctive functions software is programmed to perform are considered structural elements of a claim. In *In re Lowry*, the Federal Circuit stated that:

> [t]here is one further rationale used by both the board and the examiner, namely, that the provision of new signals to be stored by the computer

> does not make it a new machine, i.e. it is structurally the same, no matter how new, useful and unobvious the result. . . . To this question we say that if a machine is programmed in a certain new and unobvious way, it is physically different from the machine without that program; its memory elements are differently arranged. The fact that these physical changes are invisible to the eye should not tempt us to conclude that the machine has not been changed.

32 F.3d 1579, 1583 (Fed. Cir. 1994) (quoting *In re Bernhart*, 417 F.2d 1395, 1400 (C.C.P.A. 1969)) (emphasis added). In other words, how a machine is coded provides structural differentiation from other machines.

Further, a general purpose computer becomes a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software. In *In re Alappat*, the Federal Circuit held that such programming of a general computer creates a new machine. 33 F.3d 1526, 1545 (Fed. Cir. 1994). Two computers including the same or similar hardware configurations that are coded in different ways (i.e., with different software) are two specific purpose computers that are patentably different from each other. Thus, it must be the functionality of the software, or the functionality that the software gives the hardware, which provides patentability (i.e., the novelty and non-obviousness over the prior art). *See, e.g., Eolas Techs. Inc. v. Microsoft Corp.*, 399 F.3d 1325, (Fed. Cir. 2005) ("This [software code] in effect drives the 'functional nucleus of the finished computer product.' . . . Thus, the software code on the golden master disk is not only a component, it is probably the key part of this patented invention." (internal citation omitted)).

First, in accordance with these principles, Applicant respectfully disagrees with the Office Action's rejection and submits that *Admon* does not disclose the following structural element of independent Claim 1: at least a first data processing device and a memory in communication with the data processing device, the memory storing instructions executable by the data processing device to: charge each bidder. Rather, *Admon* simply discloses passively receiving a bidder's payment information and using that payment information at some undisclosed future time in some undisclosed manner to receive a participation fee from the bidder. In other words, while *Admon* discloses receiving a participation fee and using the participation fee, nowhere does it

disclose the manner in which the bidder is charged. This limited disclosure of *Admon* does not anticipate or render obvious the structural element of independent Claim 1 of a memory storing instructions executable by a data processing device to perform the distinctive function of charging the bidder. This distinctive functionality of the memory of independent Claim 1 must be given patentable weight.

Mendiola does not disclose charging bidders any fees for placing bids. As such, *Mendiola* necessarily does not disclose at least a first data processing device and a memory in communication with the data processing device, the memory storing instructions executable by the data processing device to charge each bidder. In other words, *Mendiola* does not remedy the deficiencies of *Admon* with respect to independent Claim 1.

Second, Applicant respectfully submits that the Office Action erred in ignoring the "for sending the bid acceptance message" element of independent Claim 1. As explained above, the law is clear that the distinctive functions of a software program are to be given patentable weight. Applicant submits that the "for sending the bid acceptance message" element of independent Claim 1 more specifically defines the claimed distinctive function of charging the bidder. In other words, it more specifically defines the way in which the memory is programmed to carry out the distinctive function of charging the bidder. For example, since the memory is programmed to charge the bidder for sending the bid acceptance message, the memory is therefore programmed to charge the bidder after the bid acceptance message is sent or while the bid acceptance message is being sent, but not before the bid acceptance message is sent. This is just one example of how the element "for sending the bid acceptance message" further clarifies the distinctive function of charging the bidder. As such, ignoring this element, which clarifies one of the distinctive functions of the memory, ignores the fact that the distinctive functions of software programs are what drives patentability.

Admon does not disclose sending bid acceptance messages. *Mendiola* does not disclose charging bidders for sending bid acceptance messages. Accordingly, Applicant respectfully submits that neither *Admon* nor *Mendiola*, alone or in combination, teach or render obvious charging the bidder for sending the bid

acceptance message.

For at least these reasons, Applicant respectfully submits that independent Claim 1 is patentably distinguished over *Admon* in view of *Mendiola* and in condition for allowance. Claims 2, 4, 6, 9, and 29, which depend from independent Claim 1, are patentably distinguished over *Admon* in view of *Mendiola* and in condition for allowance for the reasons explained above with respect to independent Claim 1 and because of additional features recited in these claims.

2. The rejection of Claims 12, 13, 16, 18 22, 25, 26, and 30 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and further in view of *Link77*.

Admon and *Mendiola* are described above. *Link77* is a press release introducing a "reverse charge SMS billing service for ringtones and logos." *Link77*, Abstract.

Independent Claim 26 is generally directed to: an auctioning system for facilitating bidder participation in an auction for the purchase of a lot, comprising: at least a first data processing device and a memory in communication with the data processing device, the memory storing instructions executable by the processor to: receive a plurality of bid data items over a computer network to which the computer system is connected, each bid data item being derived from a bid message sent by a bidder; determine whether each bid data item comprises an acceptable bid; prior to a close of the auction, determine whether each bid data item is the current lowest unique bid for the auction; for each bid data item that comprises an acceptable bid, generate a bid acceptance message wherein: if it is determined that the bid data item is the current lowest unique bid, then to generate a bid acceptance message indicating that the bid is the current lowest unique bid, and if it is determined that the bid data item is not the current lowest unique bid, then to generate a bid acceptance message indicating that the bid is not the current lowest unique bid; determine a destination telecommunications device phone number for the acceptance message; and send the acceptance message, at least partially over the computer

network, for transmission to the bidder at the destination telecommunications device by a reverse billed SMS message, wherein, at the close of the auction, a lowest unique bid is a winning bid in the auction for the purchase of the lot, wherein at least one acceptable bid is not a winning bid.

For at least the following reasons, Applicant respectfully submits that neither *Admon*, nor *Mendiola*, nor *Link77*, alone or in combination, teaches or renders obvious each and every element of amended independent Claim 26.

First, neither *Admon*, nor *Mendiola*, nor *Link77*, alone or in combination, teaches or renders obvious the following element of amended independent Claim 26: prior to a close of the auction, determine whether each bid data item is the current lowest unique bid for the auction. *Admon* discloses determining the lowest unique bid for its auction after close of the auction. *E.g.*, *Admon*, Figure 2, elements 140, 150, 160. In other words, *Admon* does not determine, while bids are being received, whether each bid is the current lowest unique bid at the time it is received. It does so after completion of the auction, when all bids have been compiled. *Mendiola*'s disclosure describes auctions in which the highest bidder wins the right to purchase the auctioned item, not the lowest unique bidder. *Link77* does not disclose auctions at all. Thus, neither *Admon*, nor *Mendiola*, nor *Link77*, alone or in combination, teaches or renders obvious the above-referenced element of amended independent Claim 26.

Second, Applicant respectfully disagrees with the assertion on pages 11 and 12 of the Office Action that *Mendiola* discloses "if it is determined that the bid data item is the current lowest unique bid, then to generate a bid acceptance message indicating that the bid is the current lowest unique bid, and if it is determined that the bid data item is not the current lowest unique bid, then to generate a bid acceptance message indicating that the bid is not the current lowest unique bid." As explained above, *Mendiola*'s disclosure describes auctions in which the highest bidder wins the right to purchase the auctioned item, not the lowest unique bidder. As such, *Mendiola* necessarily does not disclose generating bid acceptance messages indicating that a bid is either the current lowest unique bid or is not the current lowest unique bid—*Mendiola*'s auctions have nothing to do with lowest unique bids. Neither *Admon* nor

Link77 disclose generating bid acceptance messages. Therefore, neither *Admon*, nor *Mendiola*, nor *Link77*, alone or in combination, teaches or renders obvious the above-referenced element of amended independent Claim 26.

Third, Applicant respectfully disagrees with the assertion on pages 11 and 12 of the Office Action that *Mendiola* discloses: for each bid data item, generate a bid acceptance message and send the acceptance message by reverse billed SMS message. *Mendiola* does not disclose generating and sending a bid acceptance message via a reverse billed SMS message for each bid data item that comprises an acceptable bid. As explained in paragraphs [0177] to [0181] of *Mendiola*, a user must access a bid submission web page on the internet to place an initial bid on a product being auctioned. After making that initial bid, the user receives a notification via SMS message if the user is outbid by another bidder. In other words, after placing an initial bid, *Mendiola*'s service does not generate a bid acceptance message and send that message to the user via an SMS message. Rather, *Mendiola*'s service sends a message notifying the user that his bid was successfully received when the user places a subsequent bid via SMS message. This message is not sent when the user places the initial bid and, therefore, *Mendiola* does not disclose generating and sending a bid acceptance message for each bid data item. Neither *Admon* nor *Link77* disclose generating bid acceptance messages. Accordingly, neither *Admon*, nor *Mendiola*, nor *Link77*, alone or in combination, teaches or renders obvious the above-referenced element of amended independent Claim 26.

For at least these reasons, Applicant respectfully submits that amended independent Claim 26 is patentably distinguished over *Admon* in view of *Mendiola* and *Link77* and in condition for allowance. Claims 12, 13, 16, 18, 22, 25, 26, and 30, which depend from amended independent Claim 26, are patentably distinguished over *Admon* in view of *Mendiola* and *Link77* and in condition for allowance for the reasons explained above with respect to amended independent Claim 26 and because of additional features recited in these claims.

3. The rejection of Claim 3 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and further in view of Official Notice;

Applicant respectfully submits that Claim 3, which depends from independent Claim 1, is patentably distinguished over *Admon* in view of *Mendiola* and Official Notice for the reasons explained above with respect to independent Claim 1 and because of additional features recited in this claim.

4. The rejection of Claims 5, 7, and 8 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and *Herzog*.

Admon and *Mendiola* are explained above. *Herzog* discloses "systems and methods for conducting a hybrid auction." *Herzog*, Abstract. In one embodiment, a bidder having the highest unique bid below a predetermined maximum price wins the auction.

Page 7 of the Office Action asserts that *Herzog* discloses "[a]n auction system as claimed in claim 1, wherein the bid acceptance message notifies the bidder that either their bid is the current lowest unique bid, their bid is not unique . . . or their bid is unique, but is not currently the lowest unique bid." Applicant respectfully disagrees. However, regardless of whether *Herzog* discloses these elements, *Herzog* nevertheless does not remedy the above-referenced deficiencies of *Admon* and *Mendiola* with respect to independent Claim 1. Claims 5, 7, and 8 depend from independent Claim 1. As such, for at least the reasons explained above with respect to independent Claim 1 and because of additional features recited in these claims, Applicant respectfully submits that Claims 5, 7, and 8 are patentably distinguished over *Admon* in view of *Mendiola* and *Herzog* and in condition for allowance.

5. The rejection of Claim 15 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and *Link77* and further in view of Official Notice.

Applicant respectfully submits that Claim 15, which depends from amended independent Claim 26, is patentably distinguished over *Admon* in view of *Mendiola*, *Link77*, and Official Notice for the reasons explained above with respect to amended independent Claim 26 and because of additional features recited in this claim.

6. The rejection of Claims 23 and 24 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and *Link77* and further in view of Official Notice.

Applicant respectfully submits that Claims 23 and 24, which depend from amended independent Claim 26, are patentably distinguished over *Admon* in view of *Mendiola*, *Link77*, and Official Notice for the reasons explained above with respect to amended independent Claim 26 and because of additional features recited in these claims.

7. The rejection of Claim 14 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and *Link77* and further in view of *Abeshouse*.

Admon, *Mendiola*, and *Link77* are described above. *Abeshouse* discloses "[a] method of synchronizing a closing of a network auction." *Abeshouse*, Abstract. Page 21 of the Office Action asserts that *Abeshouse* discloses "wherein a bids [sic] is not associated with a live session for the auction, then using an auction identifier data item to determine whether the bid is for an auction and if it is then loading message data into a message object." Regardless of whether *Abeshouse* discloses these elements, *Abeshouse* nevertheless does not remedy the above-referenced deficiencies of *Admon*,

Mendiola, and *Link77* with respect to amended independent Claim 26. Claim 14 depends from amended independent Claim 26. As such, for at least the reasons explained above with respect to amended independent Claim 26 and because of additional features recited in this claim, Applicant respectfully submits that Claim 14 is patentably distinguished over *Admon* in view of *Mendiola*, *Link77*, and *Abeshouse* Herzog and in condition for allowance.

8. The rejection of Claim 17 under 35 U.S.C. § 103(a) as being unpatentable over *Admon* in view of *Mendiola* and *Link77* and further in view of *Hong Kong's Tender*.

Admon, *Mendiola*, and *Link77* are described above. Page 23 of the Office Action asserts that *Hong Kong Tender* discloses "determining whether the bid exceeds a maximum number of bids for the bidder." Regardless of whether *Abeshouse* discloses these elements, *Hong Kong Tender* nevertheless does not remedy the above-referenced deficiencies of *Admon*, *Mendiola*, and *Link77* with respect to amended independent Claim 26. Claim 17 depends from amended independent Claim 26. As such, for at least the reasons explained above with respect to amended independent Claim 26 and because of additional features recited in this claim, Applicant respectfully submits that Claim 17 is patentably distinguished over *Admon* in view of *Mendiola*, *Link77*, and *Hong Kong Tender* and in condition for allowance.

An earnest endeavor has been made to place this application in condition for formal allowance and in the absence of more pertinent art such action is courteously solicited. If the Examiner has any questions regarding this Response, Applicant respectfully requests that the Examiner contact the undersigned.

Respectfully submitted,

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